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No. 94-407

IN THE
Supreme Court of the United States
OCTOBER TERM, 1994

SGS-THOMSON MICROELECTRONICS, INC.,
Petitioner,

v.

INTERNATIONAL RECTIFIER CORPORATION,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE* AND BRIEF *AMICUS CURIAE* OF HOUSTON INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF PETITIONER

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MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE*

The Houston Intellectual Property Law Association (HIPLA) respectfully moves this Court for permission to file a brief as *amicus curiae* in support of the petition for a writ of certiorari filed by SGS-Thomson Microelectronics, Inc. in this case. Petitioner has consented to the filing of this brief. However, Respondent has not. Accordingly, HIPLA files this motion with the Court.

HIPLA respectfully submits that there are compelling reasons for the Court to grant this motion. HIPLA is an organization whose members include approximately 300

lawyers who practice and live in the Houston, Texas metropolitan area and who represent both plaintiffs and defendants. HIPLA's members are vitally concerned with the preservation and improvement of the civil justice system in the United States, particularly as it pertains to providing prompt and efficient enforcement of intellectual property rights, such as patents.

HIPLA seeks leave to file this brief to bring to the Court's attention additional reasons for granting the petition. In the attached brief, HIPLA endorses, but does not duplicate, the arguments offered in the petition for a writ of certiorari and in the brief *amicus curiae* submitted by the American Board of Trial Advocates ("ABOTA").

HIPLA asserts that its brief will serve to place the decision below in a perspective that indicates the inappropriateness of the Federal Circuit's decision in this case. The brief should assist the Court in its review and consideration of the petition. HIPLA therefore respectfully requests that this Court grant its motion for leave to file the attached brief *amicus curiae* in support of the petition.

Respectfully submitted,

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QUESTION PRESENTED

Whether the Court of Appeals for the Federal Circuit, after reversing a district court's transfer of a case under 28 USC § 1406(a) as having been improper, should be allowed nevertheless to remand the case to the improper transferee court—and thereby effectively preclude an entire class of plaintiffs (patentee plaintiffs who lose on a motion by an accused infringer to transfer on grounds of jurisdiction and improper venue) from the forum of their choice—on a *de novo* ruling that the transfer was "harmless error" and that "judicial economy would be served by transferring the case back to a court already familiar with the patents and technology at issue."

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BRIEF *AMICUS CURIAE* OF HOUSTON INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF PETITIONER

INTEREST OF *AMICUS CURIAE*

The Houston Intellectual Property Law Association ("HIPLA") is a Texas professional association whose members include approximately 300 lawyers who live and practice in the Houston/Gulf Coast area. Most of the lawyers are registered patent attorneys who represent both patentees and accused infringers. As such, considerations of where a potential patent lawsuit may be brought are an important part of HIPLA members' practices. HIPLA strongly supports the fundamental principle that a plaintiff has a significant interest in choosing the venue of a

lawsuit and that this choice should not be disturbed unless the court specifically considers both convenience and the interests of justice.

The decision below is of particular concern to HIPLA because it has dangerous and far-reaching effect. In patent cases, the U.S. Court of Appeals for the Federal Circuit has exclusive appellate jurisdiction from district courts throughout the entire nation. 28 USC § 1295(a). Thus, the effect of this decision will be to make erroneous transfer decisions absolutely unreviewable—thereby unfairly defeating a plaintiff's proper venue choice in patent cases without regard for the traditional concerns of convenience and the interest of justice. HIPLA submits this brief because its members strongly believe that the Federal Circuit's decision will harm the fair and efficient administration of justice.

STATEMENT

In June 1991, SGS-Thomson sued International Rectifier Corporation (IR) in the Northern District of Texas, the location of SGS-Thompson's principal place of business. SGS-Thomson alleged that IR had infringed U.S. Patent No. 4,553,314. In August 1991, IR moved to dismiss for lack of personal jurisdiction or, in the alternative, to transfer the case to the Central District of California.

As SGS-Thomson's petition explains, SGS-Thomson opposed IR's motion because, based on IR's sales within the district, IR was subject to specific personal jurisdiction in the district, and venue in the Texas district court was proper. The Texas district court, however, ruled that it lacked personal jurisdiction over IR and ordered the case transferred to California, the location of IR's headquarters, under 28 U.S.C. § 1406(a).[1]

Soon after the Texas district court issued the transfer order, SGS-Thomson asked the court to certify the juris-

[1] Pet. App. 25a-26a.

diction and venue issues for interlocutory appeal under 28 U.S.C. § 1292(b). When that request was denied, SGS-Thomson sought a writ of mandamus from the Federal Circuit. The Federal Circuit denied the writ, explaining that the case was not appropriate for mandamus—a remedy reserved for the most serious and critical ills—even though in a normal appeal, a court might find reversible error.[2]

After transfer to the Central District of California, SGS-Thomson amended its complaint to add infringement claims based on two additional patents. After pretrial discovery, the California district court granted two of IR's several motions for summary judgment, effectively ruling as a matter of law that IR was entitled to judgment on all claims brought by SGS-Thomson.[3] The district court also awarded IR over $2.1 million in attorneys' fees under 35 U.S.C. § 285, which permits fee awards only in "exceptional" cases brought under the patent laws.[4]

On appeal, the Federal Circuit [5] vacated the California district court's entry of the two summary judgments in favor of IR and also vacated the award of attorney's fees for IR.[6] In considering the transfer decision, the Federal Circuit held that IR was properly subject to personal judisdiction in the Northern District of Texas and that venue was properly placed there. The appeals court thus reversed the Texas district court's decision to transfer the case to California.

Despite its explicit reversal of the Texas district court's transfer and despite SGS-Thomson's request that the case

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[2] Pet. App. 29a.

[3] Pet. App. 341-42a; 45a-83a.

[4] Pet. App. 86a-104.

[5] Pet. App. 6a.

[6] Pet. App. 2a, 18a, 19a-20a.

be remanded to the Northern District of Texas, the Federal Circuit nevertheless remanded the case to the California district court—the court to which the case had been erroneously transferred in the first place.[7]

Although the Federal Circuit actually *reversed* the transfer decision, it nevertheless found the error *harmless*, without explaining why or how reversible error can be harmless error. Moreover, in remanding to the California district court, the Federal Circuit made no explanation beyond its conclusion that "judicial economy would be served by transferring the case back to a court already familiar with the patents and technology at issue."[8] The court of appeals also failed to explain why judicial familiarity was of paramount importance—or, indeed, was even relevant—in light of the fact that on remand, the patent infringement claims would be tried by a jury, and not by the judge.

The action of the court of appeals has established that a case may be irretrievably transferred from a court, *with proper jurisdiction and venue*, without any consideration at all for the convenience of parties and witnesses or the interest of justice. HIPLA respectfully submits that this Court should grant the petition to resolve the apparent anomaly that plaintiffs in patent cases now must face: no effective resort to the provisions of 28 U.S.C. § 1404(a).

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[7] Pet. App. 6a-7a.

[8] Pet. App. 6a-7a.

REASONS FOR GRANTING THE PETITION

I. THE DECISIONS OF THE COURT OF APPEALS DENIES PLAINTIFFS THE PROTECTIONS AFFORDED BY SECTION 1404(a) AND BY FEDERAL CASE LAW INTERPRETING THAT SECTION.

Under section 1404(a), a district court, in a case that does have proper jurisdiction and venue, can still transfer a case to another district, *but only* after considering the convenience of parties and witnesses and the interest of justice:

> For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.

28 U.S.C. § 1404(a).

As this Court has explained, section 1404(a) "requires the court to determine that the transfer is necessary for convenience of the parties and witnesses, and further, that it is in the interests of justice to do so." *Van Dusen v. Barrack*, 376 U.S. 612, 634 n.30, 84 S.Ct. 805, 818 (1964) (*citing* Revision of Title 28, United States Code, Report of the House Committee on Revision of the Laws on H.R. 7124, 79th Cong., 2nd Sess., p. A127). This Court has also stated that district courts must "adjudicate motions for transfer according to an 'individualized, case-by-case consideration of convenience and fairness.' A motion to transfer under § 1404(a) thus calls on the district court to weigh in the balance a number of case-specific factors." *Stewart Organization, Inc. v. Ricoh Corp.*, 487 U.S. 22, 29, 108 S.Ct. 2239, 2244 (1988) (quoting *Van Dusen v. Barrack*, 376 U.S. 612, 622, 84 S. Ct. 805, 812 (1964)).

In remanding the case to the California district court, the court of appeals, based on the limited record before it, exercised its own judgment in place of the broad discre-

tion afforded district courts in considering motions to transfer under section 1404(a). The Federal Circuit expressly reversed the decision of the Texas district court to transfer the case to California under section 1406(a). After declaring this transfer void, the appellate court's only option was to remand the case with instructions to return it to the Texas district court. Any other decision—including the Federal Circuit's decision to send the case to California—would be an improper *de novo* exercise of the appellate court's judgment.

If the Federal Circuit's analysis is allowed to stand, then any error by the initial forum in transferring a patent case will be effectively unreviewable. Even if the transfer decision is reversed on appeal—as the Federal Circuit did in this case—the transferee court will always have gained some familiarity with the case. Thus, under the Federal Circuit's analysis, the case will almost always be left in the court to which it was wrongly transferred.

This single factor—the judge's familiarity with the case—is not and should not be sufficient, by itself, to justify sending a case to a particular court. In fact, it is considered by some courts to be a factor that weighs against sending a case to that judge's court. *See, e.g., Codex Corp. v. Milgo Electronic Corp.*, 553 F.2d 735, 739 (1st Cir.), *cert. denied*, 434 U.S. 860, 98 S.Ct. 185 (1977) (explaining that a judge who has already ruled on a patent's validity may have difficulty being impartial: "prior judicial experience in such a situation [is] more a negative than an affirmative reason for transfer").

Even in a case scheduled for a bench trial, judicial familiarity would not be sufficient—without any consideration of the other factors—to justify a transfer. In a case scheduled for trial by jury (as was this one), judicial familiarity, by itself, should be plainly insufficient as a basis for transfer.

II. THE COURT OF APPEALS DECISION CREATES A CLASS OF LITIGANTS—PLAINTIFFS IN PATENT CASES—WHO ARE DENIED A SIGNIFICANT VALUABLE PROCEDURAL RIGHT (CHOICE OF FORUM WITHOUT THE PROTECTION OF SECTION 1404(a)), THEREBY LESSENING THE VALUE OF THE PATENT GRANT IN CONTRAVENTION OF THE CONSTITUTIONAL PURPOSE OF THE PATENT SYSTEM.

Because of that court's position as the "court of last resort" in patent cases, *see*, 28 U.S.C. § 1295(a), the Federal Circuit's decision has the effect of taking away the significance of appellate review on a transfer decision made under section 1406(a). Whether or not the decision was proper, it will be held to be "harmless" and any remand will be to the court that is "already familiar with the patents and technology." Thus, the effect of the decision will be to create a class of litigants that will not have the benefit and protection of the considerations built into section 1404(a) when a transfer made under section 1406(a) is determined to be improper.

By any measure, the taking away or, at least, weakening the significance of a procedural right will have the result of lessening the value of the patent grant. It makes it more likely than before that the plaintiff's choice of forum will not be honored. It makes it more likely than before that a plaintiff patentee will be forced to litigate, if at all, in a distant and/or unfriendly forum. Any time the expense and/or uncertainty involved in patent litigation is increased, the value of the patent right will be lessened. This is not only unfair, it is against the Constitutional purpose of the patent system.

The patent system was set up to "Promote the Progress of . . . the Useful Arts." U.S. CONST., art. 1, § 8, cl. 8. The patent grant is a property right that can only be enforced through suit in district court. Thus, anything that makes suit more expensive, or more uncertain, will diminish the value of the patent grant. It follows that

the incentive conceived by the Founding Fathers as the cornerstone of the Patent System will also be diminished. Such a result should not be left to stand.

CONCLUSION

By remanding the case to the California district court, the Federal Circuit necessarily exercised its own judgment and, based upon a single factor, effected a transfer from Texas to California against the repeated urgings of the plaintiff patentee.

The Federal Circuit's decision in this case weakens the value of a patent by imposing the likelihood of substantial extra expense in litigating a patent. By essentially foreclosing any remand to a plaintiff-patentee's chosen forum even when a transfer is ultimately found to have been in error, the lower court's decision substantially undermines the value of the property right at issue.

For these reasons and the reasons stated in the petition, the petition should be granted.

Respectfully submitted,

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